

VZCZCXRO5987

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DE RUEHTC #0416/01 1371029
ZNR UUUUU ZZH
P 161029Z MAY 08
FM AMEMBASSY THE HAGUE
TO RUEHC/SECSTATE WASHDC PRIORITY 1444
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUCPDO/USDOC WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEHRC/DEPT OF AGRICULTURE WASHDC
RUEHBS/USEU BRUSSELS 0646
RHEHNSC/NSC WASHDC
RUEHAT/AMCONSUL AMSTERDAM 3970

UNCLAS SECTION 01 OF 03 THE HAGUE 000416

SENSITIVE

SIPDIS

STATE FOR OES, EUR/WE (TSMITH), EUR/PGI (DTESSLER)
USDA FOR FAS-ELIZABETH JONES
USDOC FOR 4212/USFCS/MAC/EURA/OWE/DCALVERT
PARIS FOR OECD
USEU FOR TSMITHAM

E.O. 12356: N/A

TAGS: [KGHG](#) [SENV](#) [ENRG](#) [ECON](#) [EINV](#) [EUN](#) [NL](#)

SUBJECT: DUTCH SEEK AMBITIOUS ENERGY-CLIMATE CHANGE TARGETS

REF: A) BRUSSELS 117
B) THE HAGUE 253
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ACCORDINGLY.

[¶1.](#) (SBU) SUMMARY. While officially welcoming the European Commission's energy and climate change targets, some Dutch officials have indicated that the GONL was hoping for the adoption of more "ambitious" goals. At home, the GONL is seeking to go beyond EU targets by committing independently to a 30 percent reduction in greenhouse gas emissions over 1990 levels, an increase to 20 percent in renewable energy sources, and cuts in overall energy use by 2 percent per year -- all by 2020. Meanwhile, some local environmental advocates have questioned the GONL's commitment to real targets, given that some can only be met by purchasing emission allowances through the European Emission Trading System. END SUMMARY.

SUPPORTING "20 AND 20 AND 10" EU TARGETS . . .

[¶2.](#) (U) The Dutch officially welcomed the European Commission's call earlier this year to implement far-reaching energy and climate change targets (reported ref A). These include an overall EU reduction in greenhouse gas (GHG) emissions by 20 percent from 1990 levels, an increase to 20 percent in power derived from renewable sources, and a 10 percent biofuel use target -- all by 2020. Within these overall targets, the Netherlands is expected to reduce GHG emissions by 16 percent, increase renewable energy sources to 14 percent of total energy production, and expand biofuel use to 10 percent.

. . . BUT SEEKING "30 AND 20 AND 20" AT HOME

[¶3.](#) (U) Meanwhile, the GONL has committed the Netherlands independently to a 30 percent reduction in GHG emissions over 1990 levels, an increase to 20 percent in renewable energy sources, and

cuts in overall energy use by 2 percent per year -- again, all by 2020. The GONL is currently studying the feasibility of a mandatory 20 percent sustainably-produced biofuel mix by 2020.

14. (U) The GONL's plan, entitled "Clean and Efficient" also sets out concrete climate goals for old and new buildings, energy companies, industry, traffic, transport, and agriculture sectors. For 2008, the GONL has earmarked 140 million euros to implement the plan, in addition to an existing budget of 1.3 billion euros for climate and sustainable development efforts. The GONL will report annually on the plan's progress and assess in 2010 the need for additional measures. (See refs B-D for related reporting.)

GHG REDUCTIONS THROUGH ETS AND CCS

15. (U) Jacqueline Cramer, Dutch Minister of Housing, Spatial Planning and the Environment, had lamented to the media prior to the release of the Commission's climate change strategy that the overall EU GHG reduction targets were not "more ambitious." She noted that the 16 percent national target set for the Netherlands was well within the scope of current Dutch national GHG reduction goals. To reach its 30 percent reduction target by 2020, however, she has noted that the Dutch will need to rely heavily on the European Emission Trading System (ETS) and carbon capture and storage (CCS) technology. Cramer has indicated a preference for meeting this goal through ETS rather than a carbon tax, given a lack of public support for additional taxes. On the European level, she said the GONL also supported an auctioning of ETS rights and a greater harmonization and expansion of the system to include other sectors.

16. (U) In early 2007, Prime Minister Jan Peter Balkenende announced plans to make the Netherlands a global leader in the development of CCS. The GONL has already committed some 55 million euros in subsidies to support the construction of CCS facilities in

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Rotterdam, Drachten, Utrecht, and off-shore in the North-Sea. The GONL has also stipulated that the construction of four new coal-fired power stations in the country include CCS technology.

17. (U) The GONL is also exploring how the Dutch agricultural sector can contribute to reducing non-CO2 GHGs such as nitrous oxide and methane, which are produced in part through fertilizing and grazing. Such efforts could include possible changes in livestock feed, improved precision farming, and fertilizers.

INCREASES IN RENEWABLE ENERGY THROUGH WIND POWER

18. (U) Minister Cramer has acknowledged that the Netherlands will find it difficult to achieve a 14 percent increase in renewable energy sources, let alone the 20 percent target it has set for itself. (Renewables currently represent less than 4 percent of the overall energy mix in the country.) While wind turbines are already familiar sights in the Netherlands, a new government subsidy program will seek to increase wind power production by 100 percent by the end of 2012. The GONL will also introduce subsidies for the development of both offshore and onshore wind energy/power grids and 'incentives' for solar photo voltaic power. The introduction of more renewable energy sources is also expected to contribute to emission reductions.

MORE BIOFUEL OPTIONS

19. (U) The Netherlands also wants to become a market and testing ground for "sustainable mobility," which is defined as meeting mobility/transport needs of the present without compromising the ability of future generations to meet their needs. The GONL plans to achieve this by increasing the mandatory percentage of biofuels used in transport to 5.75 percent by 2010. As noted above, the GONL is studying the feasibility of a mandatory 20 percent sustainably-produced biofuel mix by 2020. The national network of biogas and natural gas filling stations will be expanded, and the GONL hopes that hybrid buses and buses fueled by biofuels and

natural gas will be a familiar sight by 2011. (NOTE: The Embassy contracted a natural gas bus for the transport of a recent delegation visiting the Netherlands for energy efficiency related meetings. END NOTE.) In 2008, the GONL will also introduce a differentiated tax scheme designed to encourage the purchase fuel efficient vehicles.

SEEKING GREATER ENERGY EFFICIENCY

¶10. (U) Other measures under the GONL plan include increasing energy efficiency by mandating that all new buildings be carbon neutral by 2012. In January, a first step was taken with the introduction of energy efficiency labels for all buildings for sale or for rent. Working together with energy providers, housing corporations, and the construction sector, the GONL is also implementing a so-called "More with Less" plan. This plan provides subsidies to some 500,000 existing buildings (residential, industrial, and commercial), with the aim of achieving energy efficiency improvements of 20-30 percent over current levels by ¶2011. From 2012 onward, the plan will target an additional 300,000 buildings annually. In 2008, the government will also introduce subsidies to fund the introduction of renewable energy technology in some 100,000 existing buildings (solar boilers, heat pumps, and solar electricity).

¶11. (U) As one of the largest exporters of agricultural products in the world (behind the United States and France) in terms of high-value produce (\$67 billion in 2007), the Netherlands relies heavily on its horticultural greenhouses. These greenhouses, however, use a lot of energy. The GONL is exploring how heat and cold storage can be used to make these greenhouses more energy neutral as well as technology for sharing surplus energy with neighboring houses or businesses. In 2011, the GONL plans to introduce an ETS system specifically for greenhouses.

SUCCESS RELIES ON INDUSTRY AND PUBLIC SUPPORT

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¶12. (U) Close cooperation between government and industry has been central to the GONL's "Clean and Efficient" plan. During the initial consultation period, Minister Cramer met with leaders in the country's top 10 industries. These meetings resulted in a sustainability accord outlining specific measures to reduce emissions, increase the supply of renewable energy, and improve energy efficiency. These actions reflected an understanding within the GONL that the plan's ambitious "30 and 20 and 20" targets by 2020 could only be met through the inclusion of the country's key energy market stakeholders. Nonetheless, some industry leaders, including Shell's CEO Jeroen van der Veer, have publicly warned that Dutch national goals need to be realistic as "overstretched targets" can discourage rather than motivate.

¶13. (U) The GONL also seeks to educate the general public on emissions reductions methods through two consumer-oriented pilot projects. The first, an "Energy Box," is a kit containing a variety of energy-saving goods for common household use, including low energy light bulbs and energy saving showerheads. If all of the box's contents are installed, the average household could reduce its energy usage by 15 percent. The second, an "Energy Coupon", can be used to purchase energy savings products. The GONL is considering plans to introduce the pilot projects nationwide.

COMMENT: TARGETS ONLY ACHIEVABLE VIA ETS TRADING?

¶14. (SBU) Some Environment Ministry contacts have indicated that the GONL was "less than thrilled" with the Commission's energy and climate change proposal. Minister Cramer, in fact, has been noticeably quiet on the issue since the European Council's March approval of the Commission's energy and climate change legislative package. Meanwhile, some Dutch environment organizations and politicians (both within and outside the ruling coalition) have questioned the GONL's commitment to real energy and climate change

targets, given that its "ambitious" national plan includes emission allowances purchased through the EU ETS in its GHG reduction calculations.